

A. ELECTRONIC COMMERCE AGREEMENT

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A. ELECTRONIC COMMERCE AGREEMENT

This Electronic Commerce Agreement (ECA) is effective by and between the Alaska Department of Natural Resources, Division of Oil and Gas (DO&G), located at 550 W. 7TH Avenue, Suite 800, Anchorage, Alaska 99501 and **NAME, ADDRESS OF LESSEE**. DO&G and **LESSEE** are referred to individually as "Party" or collectively as "Parties" in this ECA.

For the purpose of electronically sending and receiving documents and funds transfers in formats other than conventional paper-based documents, and to ensure that the transfers are legally valid and enforceable, DO&G and **LESSEE** agree to the following:

1. **Documents/Funds Transfers.** During the term of this ECA, each Party will electronically transmit to or receive from the other Party the following:
 - a. **Documents.** The Documents listed in the Appendix to this ECA. The format and transmittal of all Documents must comply with the standards identified for the electronic transmission methodology selected, and the published industry and government standards as set out in the Appendix to this ECA.
 - b. **Funds.** Monies for the payment of royalties, interest, administrative fees, and assessments under 11 AAC 04 and in accordance with the standards set out in the Appendix to this ECA.
2. **Electronic Transfer Methods.** The electronic transfer methods that the Parties will use during the term of this ECA to transmit to or receive from the other Party Documents and Funds are any of the following:
 - a. **Electronic Data Interchange.** Electronic Data Interchange (EDI) is the direct computer-to-computer interchange of data using standards as set out by the American National Standards Institute (ANSI) Accredited Standards Committee (ASC X12).
 - b. **Electronic Funds Transfer.** Electronic Funds Transfer (EFT) is any paperless transfer of funds initiated by a bank through a terminal, computer, or magnetic tape for the purpose of instructing or authorizing financial institutions to transfer funds from a sender's account to a recipient's account. When making an EFT the transfer must be in accordance with the State of Alaska Royalty Reporting Instructions, Section II-D Royalty Payment Instructions.
 - c. **Electronic Mail.** Electronic Mail (E-Mail) is the electronic exchange of human-to-human communications, notes, informational reports, and files of data using a commercial E-Mail service. Data files must be formatted using formats set out in the Appendix to this ECA. Use of this method for Royalty Report filings will only be permitted as an interim method until full EDI implementation is established. The interim period is not to exceed nine months from the date this ECA is effective, unless amended as provided in the Appendix to this ECA.

3. Third Party Service Providers. The Parties will transmit Documents and Funds electronically as specified in the Appendix to this ECA either directly or through a third Party service provider (Provider) with which either Party may contract. Either Party may modify its election to use, not to use, or to change a Provider upon 30 days written notice. Each Party is responsible for the costs of any Provider that it uses, unless otherwise set out in the Appendix to this ECA.
4. Equipment. Each Party will provide and maintain, at its own expense, all of the equipment, software, communications linkages, Provider or commercial E-Mail services, and testing necessary to effectively and reliably transmit and receive Documents and Funds.
5. Security Procedures. Each Party will use sufficient security procedures, including those set out in the Appendix to this ECA, if any, to ensure the completion of the authorized transmissions of Documents and Funds, the protection of its documents, funds and information therein from improper access during the transmission, and the protection of the confidentiality of documents, funds and information therein received pursuant to the ECA to the extent required by contract or law.
6. Signatures. Each Party will adopt as its Signature an electronic identification, consisting of symbols or codes affixed or contained in each Document transmitted by the Party, as set out in the Appendix to this ECA. Each Party agrees that any Signature affixed to or contained in any transmitted Document is sufficient to verify that the Party originated the Document and that the contents of the Document are accurate and complete. Neither Party will disclose to any unauthorized person the Signature of the other Party. Each Party will notify the other of its Signature and is authorized to change its Signature at any time by providing notice as set out in the Appendix to this ECA. Any Document without a Signature, as described in this paragraph, is invalid.
7. Notices. The Parties will provide all notices required or permitted under this ECA in accordance with the provisions set out in the Appendix to this ECA.
8. Receipt. A Document is deemed received, and will give rise to an obligation, on the date and time it is accessible to the receiving Party at the Party's receipt computer, or, is accessible by the Party's Provider, as designated in the Appendix to this ECA. Funds transfers by EFT are deemed received when the depository financial institution: 1) has received or has control of the payment; and 2) has received sufficient information to accurately post the payment to the Parties' accounts.
9. Transmission. The sender is responsible for timely electronic transmissions to ensure that Documents and Funds are filed by the date and time required by DO&G.
10. Verification. Upon receipt of any Document, the receiving Party will transmit an acknowledgement to the sending Party by the end of the receiving Party's business day, unless otherwise specified in the Appendix to this ECA.

11. Unintelligible Transmissions. If any transmitted Document is received in unintelligible or garbled form, the receiving Party will notify the sending Party as set out in the Appendix to this ECA.
12. Incorporation of Terms. This ECA is subject to all applicable Alaska laws and regulations, including 11 AAC 04, and any other written agreement that references it or which is referenced in the Appendix to this ECA. The terms of this ECA will control in the event of any conflict with any DO&G regulations that take effect after the effective date of this ECA, or any other written agreement to which this agreement is subject.
13. Enforceability. Each Document transmitted under this ECA is deemed to be a "writing" or "written" and any Document containing or to which there is affixed a Signature (Signed Document) is deemed for all purposes to have been "signed" and to constitute an "original" when printed from electronic files or records established and maintained in the normal course of business. The Parties agree not to contest the validity or enforceability of a Signed Document under the provisions of any applicable law requiring that certain agreements be in writing and signed by the bound Party. Signed Documents, if introduced as evidence in any judicial, arbitration, mediation, or administrative proceedings are admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party will contest the admissibility of copies of Signed Documents under either the business records exception to the hearsay rule or the best evidence rule on the basis that the Signed Documents were not originated or maintained in documentary form.
14. Recordation. Each Party will record and retain copies of all Documents to the same extent required for paper documents. Copies are made by making and retaining a hard copy, microform, or computer readable record in accordance with reasonably reliable data processing practices. Data stored on a microform or computer readable record must be retrievable and presentable in a visual or printed form.
15. Termination. This ECA will remain in effect until terminated by either Party upon not less than 30 days prior written notice. The notice will specify the effective date of termination; provided, however, that any termination will not affect the obligations or rights of the Parties arising under any Documents or otherwise under this ECA prior to the effective date of termination. In the event of termination, the regulations referenced in the Appendix to this ECA will control.
16. Severability. Any provision of this ECA that is determined invalid or unenforceable by a court will be ineffective only to the extent of the determination without affecting the validity or enforceability of any remaining provisions.
17. Entire Agreement. This ECA and the Appendix to this ECA constitute the complete agreement of the Parties relating to the matters specified in this ECA and supersede all prior representations or agreements, whether oral or written, with respect to these matters. No oral modification or waiver of any of the provisions of this ECA will be

binding on either Party. Notice of amendments to the Appendix to this ECA must be completed in accordance with provisions in the Appendix to this ECA.

18. Governing Law. This ECA will be governed by and interpreted in accordance with the laws of the United States and the State of Alaska.
19. Effective Date. This agreement is effective when executed by both Parties. The specific effective dates for electronic exchange of Documents and Funds are as set out in the Appendix to this ECA.
20. Assignment. This ECA is binding upon and inures to the benefit of the Parties and their respective successors and assigns. However, neither Party may assign any of its rights or delegate any of its obligations under this ECA without the prior written consent of the other Party, which consent will not be unreasonably withheld or delayed.

Each Party has caused this ECA to be properly executed on its behalf as of the date written below.

State of Alaska
Department of Natural Resources
Division of Oil and Gas

Mark D. Myers, Director

Date: _____

(Company Name)

Customer ID: _____ **ID Number**

Date: _____

(Company Representative Name), (Title)